

STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

CASE 07-M-0548 - Proceeding on Motion of the Commission  
Regarding an Energy Efficiency Portfolio  
Standard.

ORDER ESTABLISHING ENERGY EFFICIENCY PORTFOLIO  
STANDARD AND APPROVING PROGRAMS

(Issued and Effective June 23, 2008)

STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

At a session of the Public Service  
Commission held in the City of  
Albany on June 18, 2008

COMMISSIONERS PRESENT:

Garry A. Brown, Chairman  
Patricia L. Acampora  
Maureen F. Harris  
Robert E. Curry, Jr.  
Cheryl A. Buley

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BY THE COMMISSION:

INTRODUCTION

Before the Commission are the threshold issues necessary in order to put in place an Energy Efficiency Portfolio Standard (EEPS) for New York State and to begin achieving energy savings under this program. One of New York State's highest energy priorities is to develop and encourage cost-effective energy efficiency over the long term, and immediately to commence or augment near-term efficiency measures. The determinations in this Order establish the framework for ensuring that energy efficiency becomes an integral part of the New York energy industry. This initiative is in the context of the broader State policies for the

development of the clean energy industry and economy in the State: policies including Executive Order No. 2 of Governor David Paterson, the Renewable Portfolio Standard, the Regional Greenhouse Gas Initiative (RGGI), and improvements in State energy building codes and appliance efficiency standards.

We reaffirm our support for the long term goals and purposes set forth in the Initiating Order. Most important, we adopt the goal of reducing electricity usage by 15% statewide by 2015.<sup>1</sup> The objectives of the EEPS are to realize New York's untapped potential for energy efficiency and make this a high priority energy resource. This potential was described in a 2003 report on the development of New York State's energy efficiency program.<sup>2</sup> Working toward and ultimately attaining this aggressive goal will moderate expected increases in average bills and the State's energy costs over time; enhance system reliability; ease wholesale prices and transmission and distribution congestion; reduce greenhouse gas emissions and local air pollution from the energy sector; improve New York's energy security and create clean energy jobs for New Yorkers. In attaining these objectives, careful attention to program benefit cost ratios is very important as there is a need to achieve the maximum return on each incremental energy efficiency investment

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<sup>1</sup> "The purpose of the proceeding is to design an EPS to meet the targets for energy efficiency which, along with additional renewable resource development, and other programs, decreases the State's dependence on fossil fuel-based generation and imported fuels, and reduces its greenhouse gas emissions. An EPS should be designed ultimately to reduce customer bills, stimulate State economic development, and create jobs for New Yorkers." Case 07-M-0548 - Proceeding on Motion of the Commission Regarding an Energy Efficiency Portfolio Standard, Order Instituting Proceeding (issued May 16, 2007) (Instituting Order).

<sup>2</sup> Energy Efficiency and Renewable Energy Resource Development Potential in New York State, prepared for New York State Energy Research and Development Authority (NYSERDA), by Optimal Energy, et al., August 2003 (2003 Optimal Report).

in the context of also achieving other public interest policy objectives and to reduce rate impacts on customers.

In this Order, several foundational issues are addressed, resulting in an expanded energy efficiency program capable of attaining the goal adopted in the Instituting Order: a 15% reduction in forecast electricity usage by the year 2015 (15 x 15). First is the adoption of specific, interim, three-year targets for MWh reduction, with a forecast trajectory that will achieve the efficiency goal of this proceeding. Second is the approval of specific energy efficiency programs for immediate implementation (the "fast track" programs). Third is the direction to New York's investor-owned utilities to commence collection, through the System Benefits Charge (SBC), of additional funds to support the EEPS through 2011. Fourth is the adoption of a requirement that utilities file energy efficiency programs consistent with the policies and benefit/cost factors adopted herein. Fifth is the adoption of findings under the State Environmental Quality Review Act.

#### PROCEDURAL HISTORY

On May 16, 2007, the Commission issued its Order Instituting Proceeding, establishing the goals for this proceeding. On June 1, 2007, Department of Public Service Staff (Staff) submitted a Preliminary Staff Analysis Regarding the Benefits and Costs and Bill Impacts of Energy Efficiency Program for 15% Reduction in Electricity Usage by 2015. On June 4, 2007, an initial procedural conference was held. On June 13, 2007, a Notice of Proposed Rulemaking was published in the State Register pursuant to the State Administrative Procedure Act.<sup>3</sup> On June 15, 2007, a Ruling on Scope and Schedule was issued. Questions to parties were proposed by Staff and by the ALJ. On July 16, 2007, parties responded to Staff questions and on July 30, 2007, parties responded to ALJ questions. On July 19 and 20, 2007, an overview forum was conducted in which

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<sup>3</sup> SAPA I.D. No. PSC-24-07-00014-P.